



CC DO. 93-22

Federal Communications Commission
Washington, D.C. 20554

October 24, 1994

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OCT 24 1994

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

The Honorable Phil Gramm
United States Senator
2323 Bryan Street, #1500
Dallas, Texas 75201
Attention: Clarissa Clark

Dear Senator Gramm:

This letter responds to your correspondence on behalf of Derek Dexheimer regarding charges on his telephone bill and relating to information services provided on 800 numbers. Your letter, as well as the complaint of your constituent, has been referred to the Enforcement Division of the Common Carrier Bureau for review. The Enforcement Division will communicate with your constituent upon completion of its review.

The Telephone Disclosure and Dispute Resolution Act (TDDRA) was enacted by Congress in 1992 and required both the Federal Communications Commission and the Federal Trade Commission (FTC) to adopt rules governing the provision of pay-per-call services. Under the TDDRA, the FCC has jurisdiction over the telecommunications carriers involved in the transmission and billing of the telephone calls, while the Federal Trade Commission has jurisdiction over the information service companies themselves.

The TDDRA generally required pay-per-call services to be provided on 900 telephone numbers and generally prohibited the provision of these services on 800 numbers, except in instances where the caller has entered into a presubscription agreement or comparable arrangement with the information service provider. Pursuant to the Commission's rules, which became effective on September 24, 1993, a presubscription agreement entails a formal contractual understanding whereby the consumer is provided clearly and conspicuously all terms and conditions associated with the use of the service and affirmatively agrees to abide by them.

The Commission has received numerous complaints similar to those described by your constituent. These complaints are processed by the Enforcement Division of the Common Carrier Bureau by serving a copy of the complaint upon the telecommunication carriers involved, who must generally respond in writing within 30 days. Beyond reviewing these

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The Honorable Phil Gramm
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complaints and pursuing appropriate action to resolve them, the Commission has undertaken several efforts. First, Common Carrier Bureau staff has met with the carriers that provide the billing service for calls to 800 numbers as well as interexchange carriers who provide the 800 number transport to emphasize their obligations under the TDDRA and the rules of the Commission. Secondly, because the increase in the number of complaints has been so significant, we have started an investigation of these practices, with special focus on whether any companies have attempted to evade or violate our rules. Additionally, as part of the effort to make clear the carriers' responsibilities under the law, the Common Carrier Bureau has recently issued a ruling holding that the information provider's receipt of the originating telephone number, a practice that was serving as the premise of some charges, does not in itself constitute a presubscription agreement.

Moreover, on August 2, 1994, the Commission instituted a Notice of Proposed Rulemaking seeking to strengthen Commission rules to prevent abusive and unlawful practices under the TDDRA. Specifically, the Commission has sought public comment on a proposal to require that a presubscription agreement be established only with a legally competent individual and executed in writing, and that common carriers obtain evidence of the written agreement before issuing a telephone bill that contains charges for presubscribed information services. Under the proposed rules, these telephone bills could be addressed only to the individual who actually entered into the presubscription arrangement, not to the person or company whose telephone was used to place the call. The Commission has tentatively concluded that this and other proposed changes would significantly assist in eliminating the source of many consumer complaints. Enclosed is a summary of the Commission's action in this regard.

We appreciate receiving your correspondence. Please call upon us if we can provide any additional information.

Sincerely,



Kathleen M.H. Wallman
Chief
Common Carrier Bureau

Enclosure

Phil Gramm
Texas

United States Senate

OLA

CC-900

446

MEMORANDUM

Date:

9-1-94

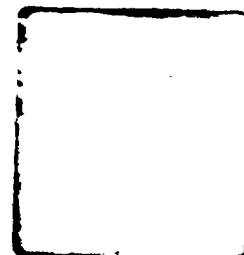
Federal Communications Commission
Office of Congressional Affairs
1919 M Street, N.W.
Washington, D.C. 20554

My constituent has sent me the enclosed communication, and I would appreciate a response which addresses his/her concerns.

Please send your response to the constituent at the following address:

Office of Senator Phil Gramm
2323 Bryan Street, Suite 100
Dallas, Texas 75201

Attention: Clerk



Phil Gramm
Texas

United States Senate

OLA
CC-900
446

MEMORANDUM

Date: 9-1-94

Federal Communications Commission
Office of Congressional Affairs
1919 M Street, N.W.
Washington, D.C. 20554

My constituent has sent me the enclosed communication, and I would appreciate a response which addresses his/her concerns.

Please send your response, keeping me the confidential, to the following address:

Office of Senator Phil Gramm
2302 Bryan Street, Suite 200
Dallas, Texas 75201

Attention: Chief of Staff

720 Carol Lane
Burleson, TX 76028-8341
(817) 295 5121
hlc6990@utarlg.uta.edu
August 22, 1994

Senator Phil Gramm
370 Russell Senate Office Bldg.
Washington, DC 20510

Dear Senator Gramm:

I am writing to ask for your assistance in a matter of fraud. As described below and in the enclosed materials, my partner and I paid a telecommunications firm several thousand dollars for services they have not delivered. Since we have confronted the firm and asked for a refund, they no longer return any communications.

The enclosed letter to the firm, Bureau One of Hollywood, CA, explains most of our complaints and our reasons for a refund. Bureau One is a service bureau offering a new business opportunity to individuals who wish to operate 1-900 information services. They offer their expertise and equipment, as well as three 1-900 lines, for \$4495, which they solicited from us by radio ads and two seminars given in Fort Worth. As the letter details, Bureau One has been remiss beyond any normal expectation, and none of our complaints have been addressed since the letter was sent.

The matter of a refund is further confused by the partnership Bureau One has established with another firm, Cabot, Richards and Reed of Provo, UT. Cabot, Richards and Reed are "business education consultants" and led the two seminars for our 1-900 lines. While our telecommunications needs were to have been met by Bureau One and all our communications have been with Bureau One, our money was sent by check to Cabot, Richards and Reed. On one of the few occasions where my partner was able to speak with someone at Bureau One, they shrugged off our refund request by stating any refund would have to come through Cabot, Richards and Reed. None of our communications to Cabot, Richards and Reed have been returned.

I am also contacting your fellow Senator Kay Hutchison, my Representative Joe Barton, the Attorney General of Texas, the FCC, the FTC, and the Postmaster General (as the money was sent via the mails.) I am also contacting your fellow representatives from Utah and California, and urge you to work with them to arrive at a solution. I am certain that we are not the only two people ignored by Bureau One; our seminar contained about two dozen people, and Cabot, Richards and Reed, we are told, are leading others across the nation.

I thank you very much for your time and effort and look forward to hearing from you soon.

Sincerely,


Derek Dexheimer

Derek Dexheimer
720 Carol Lane
Burleson, TX 76028
(817) 295 5121
July 31, 1994

Delbert Griffith
4029 Willing St.
Ft. Worth, TX 76110
(817) 926 9153

Paul Gauer and Joe Love
Bureau One
6225 Sunset Blvd., Ste. #1926
Hollywood, CA 90028

Dear Mr. Gauer and Mr. Love:

The enclosed is a copy of the fax we sent you on July 31. To assure us you have received this communication, we have also sent you this certified letter.

As the following states, we are requesting a refund of \$4495 and the dissolution of any relationship between us and Bureau One and its associates. As it is possible you have not received our previous faxes and attempts to contact you by phone, this letter shall comprise our final and penultimate communication. If we have received no response from you five days after we receive confirmation you have received this letter, we will contact the authorities as outlined in the enclosed. Please note that, as our payment was sent to your agent in the U.S. Mail, we shall also contact postal fraud authorities in addition to any others we feel necessary.

Please contact us as soon as possible to avoid unnecessary hassle on both our parts. We look forward to hearing from you.

Sincerely,

Delbert Griffith
Derek Dexheimer

Derek Dexheimer
720 Carol Lane
Burleson, TX 76028
(817) 295 5121
July 31, 1994

Delbert Griffith
4029 Willing St.
Ft. Worth, TX 76110
(817) 926 9153

Paul Gauer and Joe Love
Bureau One
6225 Sunset Blvd., Ste. #1926
Hollywood, CA 90028

Dear Mr. Gauer and Mr. Love:

We are requesting a refund for our 1-900 lines. We are requesting that our relationship with Bureau One and its associates be terminated and our \$4495 for three lines, one turnkey program, and any other materials be refunded for the following reasons.

1. You have misrepresented yourselves and your abilities in your interactions with us. For instance, in the initial sales seminar and the second seminar with Cabot, Richards and Reed, your representatives stated that the free turnkey program would be installed and running in one week. This is far from the case, as more than one month elapsed before a line was operational. We believe that, from our conversations with your associates at R&R Advertising, and with your own service representative Stacy, that you did not have adequate lines available to fulfill this claim at the time it was made. Two of our lines still do not operate almost two months after our applications were filed, and Stacy noted that we were, in fact, late to be activated. Stacy noted this was, in fact, due to the unavailability of 1-900 lines.
2. When our one operating line was activated, it was more than one month after our request was made. Additionally, it was not the type of line we requested. We asked for the Spanish dateline and received the English one instead. When we informed you of this mistake, we were told an additional two days would be required to fix the problem. This was in addition to the delays suffered from your not returning voicemail, so the line was unusable for a total of six days.
3. You and other customer service representatives have been almost impossible to reach. After some half-dozen phone calls and faxes to your Hollywood offices brought no response, Delbert left a final message threatening to call the Texas Attorney General Consumer Protection office, and you returned that call.
4. When we requested you change the price for the incorrectly installed line, we were told this would entail a \$50 charge and take 10 days to process. As the line we originally requested had not yet been installed, we held this charge was unreasonable, and only after a heated exchange was the fee waived. Even so, the full ten days elapsed before the price was changed.

5. No fee schedule or list of possible charges, such as the one above, is listed in your user manual.
6. The user manual does not adequately describe how to operate the automated maintenance system. There is no list of commands, procedures, or other instructions that one would expect for such a system. Additionally, the manual does not adequately describe many facets of your firm and how to communicate with it. Of the twelve chapters, only three directly deal with the operation and maintenance of the 1-900 lines.
7. We have not yet received any confirmation orders for our one line as outlined in the manual.
8. The forms to request the lines are themselves confusing and misleading.
9. You do not return phone calls or other contacts. We are not updated as to the progress of our lines and have wasted time and money contacting your office to learn of their status.

Additionally, your recommended video production company, Utah Film and Video, proved to be unprofessional and deceptive. David West, the president of the company, misrepresented the cost of the pre-made ads designed for the turnkey lines and did not have an ad available for the Spanish dateline, contrary to his statements at the seminar.

While it may be true that your long distance carriers have not fulfilled your requests for lines and that this is responsible for the delays, we gave no money to long distance carriers. All our interactions and our agreements have been with Bureau One. Your inability to anticipate demand from the Cabot, Richards and Reed seminars is not our fault; indeed, this lack of planning further undermines our confidence in your abilities to manage any lines we may receive from you.

Thus, considering your performance in installing our lines, and our experience with Utah Film and Video, we have absolutely no confidence in your abilities to reliably operate our lines, should they be activated. It is on these grounds that we request our refund. If there are any costs which you cannot refund, such as for manuals, please inform us of how to return them for credit or provide an itemized statement describing any deductions from the total \$4495.

We will accept a certified or cashier's check for this amount, or a check drawn on Bureau One's account with a letter from a bank officer stating that the check will clear. Or you may transfer the money to Derek Dexheimer's account at Burleson State Bank in Burleson, Texas, account number 278 591 3, routing number 111903902. We shall wait until 5 p.m. central time on Tuesday, August 2 for you to contact us pertaining our refund, or for the funds to be credited to the above account. If we do not receive word from Bureau One as to the status of our refund by this time, we shall begin contacting state, federal, and local authorities, and advise our legal representation of our situation.

If you have any questions in fulfilling our request, please contact us at the numbers above.

Sincerely,
Derek Dexheimer
Delbert Griffith